



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Larry D. Lisenbee

SUBJECT: SEE BELOW

DATE: 06-22-04

Approved

Date

COUNCIL DISTRICT: City-wide

SUBJECT: ADOPTION OF 2003-2004 FUNDING SOURCES RESOLUTION AMENDMENTS IN THE BRANCH LIBRARIES BOND PROJECTS FUND AND 2003-2004 APPROPRIATION ORDINANCE AMENDMENTS IN THE SANITARY SEWER CONNECTION FEE FUND TO REFLECT A SHORT-TERM LOAN FROM THE SANITARY SEWER CONNECTION FEE FUND TO THE BRANCH LIBRARIES BOND PROJECTS FUND AND ADOPTION OF 2004-2005 APPROPRIATION ORDINANCE AND FUNDING SOURCE RESOLUTION AMENDMENTS IN THE BRANCH LIBRARIES BOND PROJECTS FUND AND THE SANITARY SEWER CONNECTION FEE FUND TO REFLECT THE REPAYMENT OF THIS LOAN

REASON FOR ADDENDUM

A short-term loan from the Sanitary Sewer Connection Fee Fund to the Branch Libraries Bond Projects Fund is necessary in the 2003-2004 fiscal year to ensure that the Branch Libraries Bond Projects Fund has sufficient resources in 2003-2004 to end the year without a negative Ending Fund Balance.

RECOMMENDATION

- A. Adopt the following 2003-2004 Funding Sources Resolution amendments in the Branch Libraries Bond Projects Fund:
1. Decrease the Earned Revenue estimate by \$6,450,000.
 2. Establish a Short-Term Loan from the Sanitary Sewer Connection Fee Fund in the amount of \$6,450,000.

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Page 2

- B. Adopt the following 2003-2004 Appropriation Ordinance amendments in the Sanitary Sewer Connection Fee Fund:
 - 1. Establish a Short-Term Loan to the Branch Libraries Bond Projects Fund in the amount of \$6,450,000.
 - 2. Decrease the Ending Fund Balance by \$6,450,000.
- C. Adopt the following 2004-2005 Appropriation Ordinance and Funding Sources Resolution amendments in the Branch Libraries Bond Projects Fund:
 - 1. Increase the Earned Revenue estimate by \$6,457,000.
 - 2. Establish a Loan Repayment to the Sanitary Sewer Connection Fee Fund in the amount of \$6,457,000 to reflect the repayment of the short-term loan from this fund, including estimated interest that will be calculated at the City's pooled investment portfolio rate.
- D. Adopt the following 2004-2005 Appropriation Ordinance and Funding Sources Resolution amendments in the Sanitary Sewer Connection Fee Fund:
 - 1. Establish a Loan Repayment from the Branch Libraries Bond Projects Fund in the amount of \$6,457,000 to reflect the repayment of the short-term loan to this fund, including the estimated interest that will be calculated at the City's pooled investment portfolio rate.
 - 2. Increase the Ending Fund Balance by \$6,457,000.

BACKGROUND

The Branch Libraries Bond Projects Fund is supported by General Obligation (GO) Bond proceeds. To fund activity in 2003-2004, it was assumed that a combination of existing fund balance and proceeds from bonds issued in 2003-2004 would be used. Due to the technical treatment of GO Bonds that are scheduled to be sold on June 29th, the bond proceeds will not be recognized until July 2004 as part of fiscal year 2004-2005. As a result, it is necessary to process a short-term loan to cover the portion of the anticipated 2003-2004 encumbrances in the Branch Libraries Bond Projects Fund that would otherwise have been funded by bond proceeds.

ANALYSIS

A loan from the Sanitary Sewer Connection Fee Fund to the Branch Libraries Bond Projects Fund in the amount of \$6.45 million is recommended to offset 2003-2004 encumbrances, which

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Page 3

will ultimately be paid from proceeds of the City's Series 2004 GO Bonds. Although the Series 2004 GO Bonds will be competitively sold on June 29th, the closing date on which the City will receive payment from the winning underwriter is July 14th. In consultation with the City's outside auditor, staff has determined that the Series 2004 GO bond proceeds may not be recognized as revenue until fiscal year 2004-2005, the year in which the closing date occurs.

The loan from the Sanitary Sewer Connection Fee Fund would be needed for approximately two weeks. Budget actions in 2004-2005 are also recommended in this memorandum to repay the loan from the Sanitary Sewer Connection Fee Fund, which would occur when the bond proceed revenue is recognized on July 14, 2004. The loan repayment would include the principal plus interest that will be calculated at the City's pooled investment portfolio rate. It is currently estimated that the interest will not exceed \$7,000 during the loan period from June 29 through July 13, 2004.

COORDINATION

This memorandum has been coordinated with the Departments of Finance, Library, and Environmental Services, and the City Attorney's Office.

CEQA

Not a project.

LARRY D. LISENBEE
Budget Director

I hereby certify that there will be available for appropriation in the Branch Libraries Bond Projects Fund and the Sanitary Sewer Connection Fee Fund in the Fiscal Year 2004-2005 monies in excess of those heretofore appropriated, therefrom said excess being at least \$6,457,000.

LARRY D. LISENBEE
Budget Director